

FIRST AMENDMENT TO THE INFRASTRUCTURE AGREEMENT

THIS FIRST AMENDMENT TO THE INFRASTRUCTURE AGREEMENT (this "Agreement") is made and entered into effective as of the 12 day of December, 2001 (the "Effective Date") by and between THE CITY OF COLLEGE STATION, TEXAS, a municipal corporation and home-rule city of the State of Texas situated in Brazos County, acting by and through its City Council (the "City"), and TAC REALTY, INC., a Texas corporation (together with its successors and assigns, "TAC"), and College Main Apartments, Ltd., a Texas limited partnership ("COLLEGE") relating to that certain Infrastructure Agreement (the "Original Agreement") executed by and between the City, TAC, and COLLEGE on the 21st day of September, 2001.

FOR AND IN CONSIDERATION of \$10.00 and other good and valuable consideration, including, without limitation, the mutual covenants contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged by the parties, City, TAC, and COLLEGE hereby agree, each with the other, as follows:

1. Capitalized Terms. Any capitalized term that is used in this Agreement and is not defined herein shall have the same meaning ascribed to it in the Original Agreement.
2. Amendments.

A. Paragraph 22 of the Original Agreement is hereby deleted in its entirety and replaced with the following:

22. Conditions Precedent. The parties hereto agree that the Closing for the TAC Property shall be on or before December 23, 2001. The parties further agree that the City's and TAC's Review Periods under the City Purchase Contract and the TAC Purchase Contract have expired. The obligation of the City to acquire, and TAC to sell, under the City Purchase Contract shall not be final until all obligations and requirements (up to the time of the closing of such City Purchase Contract) for the City and TAC to build the Hotel/Conference Center have been fulfilled pursuant to the terms of the Development Agreement dated November 1, 2001 between the City and TAC. The obligations of TAC, City and COLLEGE under this Infrastructure Agreement are subject to and conditioned upon the Closing. Should the Closing fail to take place, then this Agreement shall automatically terminate and be of no force and effect.

B. Paragraph 3 of the Original Agreement shall be amended and modified to read as follows:

3.1. Land Use Assumptions. The City, COLLEGE, and TAC by their execution hereof hereby agree that the City's obligations to construct and contract for the construction of Utilities (as defined in Paragraph 1 of the Original Agreement) and the Copperfield Extension (as defined in Paragraph 2 of the Original Agreement) shall no longer be absolutely prefaced on the land use assumptions as set forth in Exhibit "D" of the Original Agreement, in the event the City or TAC is unable to construct the Hotel Project or Conference Center Project (as both are defined in the "Development Agreement" dated November 1, 2001) pursuant to Sections 7.1.11, 8.3, 8.4, 8.5.3 or 18.7 of the Development Agreement. Furthermore, in such event, as long as TAC constructs or contracts to construct the Office Project (more fully described in the Development Agreement) the City, COLLEGE, and TAC agree that the City's obligations pursuant to the Original Agreement, including but not limited to Paragraphs 1 and 2 of the Original Agreement, shall remain in full force and effect and TAC may make whatever land use assumption alterations it chooses, as long as the TAC Property is used for commercial purposes and such assumptions do not change the costs or design of the Utilities and Copperfield Extension to the City. In the event TAC does not timely obtain and maintain the consent of the regulating banking authorities to construct the Office Project or does not otherwise construct the Office Project (both as more fully described in the Development Agreement between TAC and the City dated November 1, 2001), the City may terminate this Agreement without any liability to TAC or COLLEGE.

3.2 Provided however COLLEGE shall have the exclusive option to purchase the entire 55.5014 acre tract for the same purchase price received by COLLEGE from TAC being TEN THOUSAND DOLLARS AND NO/100 (\$10,000.00) per acre for a total sum of FIVE HUNDRED FIFTY-FIVE THOUSAND FOURTEEN DOLLARS AND NO/100 (\$555,014.00) and shall have the right to exercise such option at any time after one or more of the following events should occur:

- 1.) TAC should fail to construct and complete the Office Project as defined in Article 6 Section 6.1.1 (c) of the Development Agreement and the City terminates the Infrastructure Agreement due to TAC's failure to construct and complete the Office Project; or
- 2.) should TAC file a Voluntary Petition in bankruptcy or insolvency or for reorganization or arrangement under the Bankruptcy Code of the United States.

This exclusive option agreement shall automatically terminate upon the completion of the Office Project by TAC in accordance with the provisions and conditions of the Development Agreement. College agrees to execute a waiver and release of the Option Agreement at that time. Should one of the above events occur, then

COLLEGE its successor or assign may exercise such option by giving written notice to TAC or to the Property owner. Within thirty (30) days from the date of such notice to TAC or the Property owner shall convey, execute, and deliver a Special Warranty Deed and an Owners Title Policy at TAC's expense for the amount of the purchase price with each of them and the Property being free and clear of any and all liens, encumbrances, restrictions, covenants, conditions, easement and rights of way, except easements granted for utilities and roadways and those that existed against the Property at the date the Property was conveyed to TAC. COLLEGE shall upon such delivery pay the purchase price in cash to the owner of the Property. College agrees to execute Subordination and Non-disturbance Agreements in favor of any Lender of TAC, who places a lien or liens against the Property to secure a loan or loan for construction funds to develop the Property pursuant to the Development Agreement.

If TAC fails to perform under this Paragraph 3.2 to the First Amendment to the Infrastructure Agreement, then COLLEGE shall have the right to sue for specific performance under this Paragraph 3.2 and/or pursue such other remedies as COLLEGE may have at law or in equity.

These provisions shall be recited in the Special Warranty Deed from COLLEGE to TAC and shall be covenants running with the land.

3. Ratification. The terms of the Original Agreement are modified and amended pursuant to the terms of this Agreement and are hereby conformed to be consistent with the terms and provisions of this Agreement. Except as provided in this Agreement, the terms of the Original Agreement (including, without limitation, all Exhibits attached thereto) are hereby confirmed and ratified for all purposes and shall remain in full force and effect as originally provided.
4. Multiple Counterparts. Multiple copies of this Agreement may be executed by the parties. Each such executed copy shall have the full force and effect of an original executed instrument.

[signatures contained on next page]

EXECUTED to be effective as of the Effective Date shown above.

THE CITY:

THE CITY OF COLLEGE STATION, TEXAS

By: _____
Lynn McIlhaney, Mayor

ATTEST:

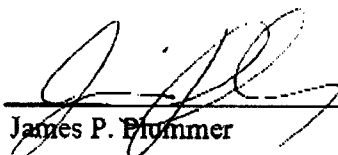
By: _____
Connie Hooks, City Secretary

APPROVED:

By: _____
Thomas E. Brymer, City Manager

By: _____
Charles Cryan, Director of Finance

APPROVED AS TO FORM:

By:  _____
James P. Plummer

DEVELOPER:

TAC REALTY, INC.,
a Texas corporation

By: William C. Atkinson
William C. Atkinson, President

SELLER:

COLLEGE MAIN, LTD.,
a Texas limited partnership

BY: Cambridge Interests, Inc.,
a Texas corporation

By: Emanuel H. Glockzin, Jr.
Emanuel H. Glockzin, Jr., President